



NOTICE

NOTICE is hereby given that 19th Annual General Meeting of the members of Bank will be held on Monday the 10th September 2018 at 11.00 a.m at the Registered Office of the Bank, situated at D.No. 59-14-2A, 3rd Floor, Shanthi Plaza, Ring Road, Gayathrinagar, Near Benz Circle, Vijayawada – 520008, Andhra Pradesh, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on March 31st, 2018 and the Profit and Loss Account for the year ended as on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a director in the place of Dr Jayaram Chigurupati (DIN No: 00015592), who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors of the Bank and in that connection to consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Rules, Circulars and Guidelines issued by the Reserve Bank of India (“RBI”) from time to time, and subject to approval from the RBI, M/s Suresh & Babu, Chartered Accountants, Vijayawada (FRN **004254S**), be and are hereby appointed as Statutory Auditors of the Bank, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank, and that the Board of Directors of the Bank be and is hereby authorised to fix the remuneration of the Auditors, including out of pocket expenses for carrying out the audit, based on the recommendation of the Audit Committee of the Board.”

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

“RESOLVED that Mr. K Venkataraman (DIN 02443410), who was appointed by the Board of Directors of the Bank as an additional director of the Bank, pursuant to provisions of the Companies Act, & Article 146 of the Articles of Association of the Bank and pursuant to the Banking Regulation Act, 1949, on 16.12.2017 and who holds office as such up to the conclusion of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of the Section 203 and other applicable provisions (including any statutory modification or re-enactment thereof) and rules prescribed there under, if any, of the Companies Act, 2013, the consent of the members of the Bank be and is hereby accorded to re-appoint



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Mr Jagapathi Raju Datla (PAN: AFAPD9345N) as Chief Financial Officer of the Bank as defined under section 2 (19) of the Companies Act, 2013 for a further period of another 1 (one) year till 17th October 2019 at the mentioned fixed monthly remuneration and on such other terms and conditions along with other expenses actually involved towards conducting his duties to the company within the limits prescribed under the Companies Act, 2013. ”

(a) SALARY: Rs.1,20,000/- p.m.

(b) PERQUISITES AND AMENITIES:

Car and Telephone: Provision of Car and Telephone used for Company's business, However personal long distance calls and use of car for private purposes shall be billed by the Company.

(c) OTHER TERMS AND CONDITIONS:

➤ The Company will reimburse Mr Jagapathi Raju Datla expenses incurred by him for entertainment, travelling and other expense in connection with the business of the Company.

➤ Mr Jagapathi Raju Datla shall be free to resign his office by giving three calendar months' notice in writing to the Bank.

“RESOLVED FURTHER THAT Mr Jagapathi Raju Datla be and is hereby directed to follow all of his duties and functions as laid down under the Companies Act, 2013 including further duties and functions as prescribed by the Board of Directors of the Bank from time to time.”

“RESOLVED FURTHER THAT Mr T Eswara Chandra Rao, Managing Director of the Bank be and is hereby authorized to do all the acts, deeds and things which are necessary for the aforesaid appointment and to send the necessary intimation in prescribed forms to Registrar of Companies, Andhra Pradesh & Telangana and others as necessitated.”

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

Ratification of re-imburement of Medical Expenses paid by the Bank

“RESOLVED THAT in pursuance to the provisions of Section 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V prescribed under the Companies Act, 2013 the Board of Directors of the Bank unanimously approved vide its meeting dated 16.12.2017 and re-imbursed, Medical expenses incurred towards heart valve replacement surgery (TAVR procedure) of Mr T Eswara Chandra Rao (Din 06598669) Managing Director of the Bank, amounting to Rs.18,53,500/- (Rupees eighteen lakhs fifty three thousand five hundred only) which is now be and is hereby ratified.”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution

“RESOLVED THAT in pursuance to the provisions of Section 197 and other applicable provisions, if any of the Companies Act, 2013 read with Part II of Schedule V prescribed under the Companies Act, 2013 and in pursuance to the provisions of Articles of Association of the Company, and pursuant to provisions of Section 10B, Section 35B and other applicable provisions if any of the Banking Regulation Act, 1949 subject to the approval of the RBI, the members of the Bank be and is hereby approves the enhancement of remuneration of Mr T Eswara Chandra Rao (Din 06598669) Managing Director of the Company to Rs.1,45,000/- p.m with all other terms and conditions remaining unchanged effective from 1st June 2018.”



“RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors.”

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Bank.
2. In order to be valid, the proxy form duly filled and signed must be deposited at the registered office of the Bank at least 48 hours before the meeting.
[Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.]
3. The Register of Members and Share Transfer Books will remain closed from 5th September, 2018 to 10th September, 2018 both days inclusive.
4. **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.**

ITEM No. 4

Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, provides that a company can appoint a firm of Auditors for maximum two terms of five consecutive years. In other words, the Auditors can be appointed for a period of five years at a time. However, banks are also governed by the provisions of Banking Regulation Act, 1949 and the guidelines issued by Reserve Bank of India (RBI). As per the extant provisions, RBI gives permission for appointment of Statutory Auditors on yearly basis. Further, for banks, it is mandatory to rotate the Auditors on completion of a term of four years. M/s Suresh & Babu, Chartered Accountants, Vijayawada were appointed as Statutory Auditors of the Bank vide RBI Letter Lr.No.DBS.ARS.No.6247 / 08.41.005 / 2017-18 dated 27.04.2018 for the financial year 2017-18. As M/s Suresh & Babu completed a term of 2 years, their appointment is being recommended for another one year i.e. 2018-19, subject to approval of RBI.

Your Directors, therefore, recommend the resolutions for your approval.

ITEM No. 5

The appointment of Mr Jagapathi Raju Datla as CFO of the bank, pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and other applicable provisions, if any, of the Companies Act, 2013 as amended or re-enacted from time to time, is going to be completed by 17th October 2018 and hence it is proposed to re-appoint him for further period of one more year till 17 October, 2019 and is now proposed to be placed before the members of the company for their ratification.

Your Directors, therefore, recommend the resolutions for your approval.

None of the Directors of the Bank is concerned or interested in passing the resolution.

ITEM No. 6

Mr T. Eswara Chandra Rao, (Din 06598669), the Managing Director of the Bank since 21.06.2013, was diagnosed with ‘calcification of Aortic valve’ of the heart and the doctors suggested immediate



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replacement of the Aortic Valve. Considering his previous medical history, doctors also suggested TAVR procedure for the replacement of the valve. The cost of the surgery was estimated at approximately Rs 30.00lakhs.

Shri Eswara Chandra Rao has been working as the Managing Director of the Bank since June 2013 and has made appreciable contribution to the progress & growth of the Bank. The achievements include:

- i. Branch network has increased from 23 to 50 branches.
- ii. A total of 11 B.C Centres were opened out of which one was converted into a regular branch
- iii. Total business has shown an increase of 114% when compared to March 2013 position and presently has crossed Rs. 800 crores
- iv. Profit has shown an increase of over 65%
- v. Net NPAs of the bank are maintained always below 0.80% during his tenure

Considering the above, the Board in its 114th meeting dated 27th October 2017, has sanctioned reimbursement of hospitalization expenses to the extent of 80% of the cost of the treatment after deducting the insurance claim settlements, if any, subject to a maximum of Rs 22.00 laks.

Shri Eswara Chandra Rao underwent surgery on 8th November, 2017 for which the hospitalization expenses as charged by the hospital were Rs. 32,17,546/-. One of the insurance companies, M/s HDFC ERGO has settled claim for Rs. 9,01,141/-. The Bank has paid Rs. 18,53,500/- towards 80% cost of the surgery after deducting the insurance amount settled.

In view of the above, the resolution No 6 is placed before the members for their ratification.

None of the Directors excepting the Managing Director, Shri Eswara Chandra Rao is interested in passing the resolution.

ITEM No. 7

Mr T. Eswara Chandra Rao, (Din 06598669), working as the Managing Director of the Bank since 21.06.2013 and is drawing remuneration of Rs.16.00 lakhs per annum as approved by members of the Bank in its 17th Annual General Meeting held on 30th September 2016, and subsequently by the members of the Bank in its 18th Annual General meeting held on 22nd September 2017.

In view of his support to the organisation since then your directors vide its meeting held on 11.05.2018 proposed to enhance remuneration to Rs 1,45,000/- per month i.e., Rs 17,40,000/- per annum subject to approval of members in the ensuing Annual General meeting and also subject to approval of RBI. Further the other terms and conditions of his appointment as approved are continued to be same.

In view of the above, the resolution No 7 is placed before the members for their ratification.

None of the Directors excepting the Managing Director, Shri T. Eswara Chandra Rao is interested in passing the resolution.

**By order of the Board
For COASTAL LOCAL AREA BANK LIMITED**

**Sd/-
(K Venkataraman)
Director**

Place : Vijayawada
Date : 11.05.2018